

## Message Text

SECRET

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11

ACTION NEA-12

INFO OCT-01 ADP-00 SS-15 SSO-00 RSC-01 RSR-01 /030 W  
----- 125534

O R 051145 Z APR 73

FM AMEMBASSY KABUL

TO SECSTATE WASHDC IMMEDIATE 2684

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BEIRUT

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY JIDDA

AMEMBASSY KATHMANDU

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

AMEMBASSY MANAMA

AMEMBASSY NEW DELHI

AMEMBASSY NICOSIA

AMEMBASSY SANAA

AMEMBASSY TEL AVIV

AMEMBASSY TEHRAN

S E C R E T SECTION 1 OF 2 KABUL 2254

C O R R E C T E D C O P Y ( CORRECTIONS THROUGHOUT ENTIRE TEXT)

DEPT PASS US INTEREST SECTION CAIRO

E. O. 11652: GDS

TAGS: OCON, IR, AF

SUBJECT: NEA CHIEFS OF MISSION CONFERENCE: COUNTRY SUMMARY:  
AFGHANISTAN

REF: ( A ) STATE 055401 ; ( B ) STATE 059996; ( C ) STATE 59983

SUMMARY: THIS MESSAGE TRANSITMS AFGHANISTAN COUNTRY SUMMARY  
REQUESTED REFTEL A. ( REGRET DELAY. REF C NOT RPT NOT RECEIVED  
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KABUL UNTIL APRIL 5.) END SUMMARY.

1. POLITICAL ASSESSMENT

A. LEADERSHIP: SINCE TAKING OFFICE IN MID- DECEMBER PRIMIN SHAFIQ HAS BEEN VIGOROUSLY PUSHING REFORMS AT HOME AND BETTER RELATIONS WITH FOREIGN NEIGHBORS. A DIFFERENT BREED PRIMIN THAN AFGHANS ACCUSTOMED TO, A MAN OF DECISIVE ACTION, SHAFIQ ' S PROBLEM IS HOW TO GAVLANIZE TRADITIONALLY LETHARGIC, UNTRAINED AND VENAL BUREAUCRACY. HIS IMAGE AS MAN IN CHARGE IN CONSCIOUSLY FOSTERED BY GOVERNMENT PRESS AND RADION, WHICH PLAY UP DAILY EVIDENCE OF GOVERNMENT' S ENERGY AND DECISIVENESS ALONG WITH REPORTS OF PROSECUTION OF CORRUPT OFFICIALS, UNDERSCORING SHAFIQ CABINET' S EXCELLENCY' S GOVERNMENT, I HAVE HONOR TO PROPOSE THAT THIS NOTE AND YOUR REPLY THERETO CONSTITUTE AGREEMENT BETWEEN OUR TWO GOVERNMENTS SUBJECT, AS REGARDS THE ARRANGEMENTS FOR FINANCING BY THE USG, TO THE APPROVAL OF THAT GOVERNMENT.

3. ARIFIN INFORMS THAT GOP HAS ACCEPTED BOTH SHIPS ( COPPER STATE TO CEBU, OCEAN UNITYIO MANILA) AND THERE WILL BE NO RPT NO DIVERSION CHARGES INVOLVED.

4. RE PAR 5 REB B, BULOG SAYS NO RPT NO BULGUR ABOARD OCEAN UNITY.

5. GOI HAS ALSO OFFERED TO STOP UNLOADING OF EASTERN GALAXY ( NOW IN SURABAYA) AND SEND BALANCE REMAINING BOARD TO PHILIPPINES.  
GALBRAITH

NOTE BY OC/ T: # AS RECEIVED.

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ACTION NEA-12

INFO OCT-01 ADP-00 SS-15 RSR-01 RSC-01 SSO-00 NEAE-00 /030 W  
----- 117627

O R 051145 Z APR 73  
FM AMEMBASSY KABUL  
TO SECSTATE WASHDC IMMEDIATE 2685  
INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN  
AMEMBASSY ANKARA  
AMEMBASSY ATENS  
AMEMBASSY BEIRUT  
AMEMBASSY COLOMBO  
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AMEMBASSY JIDDA  
AMEMBASSY KATHMANDU  
RUESKW AMEMBASSY KUWAIT 0048  
AMEMBASSY MANAMA  
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AMEMBASSY TEL AVIV  
AMEMBASSY TEHRAN

S E C R E T SECTION 2 OF 2 KABUL 2254

DEPART PASS US INTERESTS SECTION CAIRO

(3) BOTH AS FOREIGN MINISTER AND PRIMIN, SHAFIQ HAS BEEN INSTRUMENTAL IN SEEKING COMPROMISE WITH IRAN PERMITTING CONCLUSION HELMAND WATERS TREATY TO SETTLE 100 YEAR- OLD DISPUTE. MAJOR ACHIEVEMENT OF HIS GOVERNMENT TO DATE WAS SIGNING OF NEW TREATY MARCH 13, SETTING STAGE FOR FAR- REACHING RAPPROCHMENT WITH IRAN AND SOME REORIENTATION OF ECONOMY TOWARD WEST TO BALANCE OVERDEPENDENCE ON PAKISTAN. LEFT REALIZED GREAT STABILIZING POTENTIAL OF TREATY AND HENCE EMBARKED ON ALL- OUT OPPOSITION AIDED BY BLINDLY ANTI- IRANIAN PUSHTUN REACTIONARIES. DESPITE OPPOSITION, PARLIAMENT EXPECTED TO RATIFY DURING NEXT FEW WEEKS. ONCE RATIFIED, WAY WILL BE CLEARED FOR COMPLETION  
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ROAD LINK TO FREE PORT AT BANDAR ABBAS AS ALTERNATIVE ECONOMIC WINDOW TO SEA.

(4) RGA REGARDS ITSELF AS CHARTER MEMBER MOSLEM STATES' UNITY OF ACTION; CONSEQUENTLY, ITS VIEWS ON FOREIGN AFFAIRS ISSUES COLORED BY THIS ORIENTATION. IN ARAB- ISRAELI CONFLICT, RGA FIRMLY ON SIDE ARABS. SHAFIQ HAS INCREASINGLY MADE AFGHAN POSITION ON THIS ISSUE CLEAR, INSISTING THAT RGA TAKE POSITION ON LARGER NUMBER WORLD ISSUES, CONTRARY PREVIOUS AFGHAN LOW- KEY POSITION ON MATTERS IN WHICH IT HAD NO DIRECT STAKE. AS LOND AS SHAFIQ REMAINS PRIMIN, WE MAY EXPECT TO WITNESS CONTINUATION THIS TREND.

(5) REACTING TO STRONG, STEADY US PRESSURE, SHAFIQ HAS COMMITTED

RGA TO COOPERATE IN WORLDWIDE FIGHT AGAINST NARCOTICS TRAFFICKING.  
UN- LED NEGOTIATIONS FOR A COMPREHENSIVE CONTROL PROGRAM WILL  
BEGIN LATER THIS SPRING, IN HALLAH.

## 2. ECONOMIC ASSESSMENT

(A) SETTING: AFGHANISTAN IS PROPERLY CLASSIFIED AS ONE OF THE  
TWENTY- FIVE LEAST DEVELOPED COUNTRIES. IT'S FOURTEEN TO SEVENTEEN  
MILLION PEOPLE HAVE A PER CAPITA INCOME OF APPROXIMATELY  
\$80. THE ECONOMY IS AGRICULTURAL WITH ABOUT 75 PERCENT OF  
THE LABOR FORCE IN AGRICULTURE AND LIVESTOCK. THE ECONOMY  
HAS BEEN GROWING AT AN ESTIMATED ANNUAL RATE OF BETWEEN TWO  
AND THREE PERCENT WHICH IS MARGINALLY IN EXCESS OF THE  
ESTIMATED POPULATION GROWTH. SEVERE DROUGHTS IN 1970-71 AND  
1971-72 HAD MARKED NEGATIVE IMPACT ON THE ECONOMY. AFGHANISTAN'S  
LAND  
- LOCKED GEOGRAPHY, THE LIMITED DOMESTIC MARKET AND THE LACK OF  
LEGISLA-  
TION HAVE BEEN MAJOR CONSTRAINTS IN DEVELOPMENT OF IRON ORE, COPPER

AND PETROLEUM. PRIMARY CONVERTIBLE FOREIGN EXCHANGE EARNED  
IS KARAKUL SKINS (" PERSIAN LAMB"). DRIED FRUITS  
AND NUTS AND COTTON ARE THE OTHER MAJOR EARNERS OF CONVERTIBLE  
EXCHANGE. THE NUMBER ONE EXPORT, HOWEVER, IS NATURAL GAS,  
ALMOST ALL OF WHICH IS EXPORTED TO THE SOVIET UNION UNDER BARTER.

## B. FOREIGN ASSISTANCE

(1) AFGHANISTAN HAS RECEIVED EXTENSIVE FOREIGN ECONOMIC ASSISTANCE  
SINCE THE EARLY 1950 S. THE SOVIETS HAVE EXTENDED ALMOST \$800  
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MILLION, THE FRG \$180 MILLION AND THE PRC ABOUT \$72 MILLION  
THE IBRD AND THE ASIAN DEVELOPMENT BANK HAVE BEGUN TO PROVIDE  
INCREASING AMOUNTS OF DEVELOPMENT FINANCING. THE UNDP AND UN  
SPECIALIZED AGENCIES ALSO PROVIDE SIGNIFICANT AMOUNTS.

(2) SOVIET EFFORTS HAVE BEEN CONCENTRATED IN ECONOMIC  
DEVELOPMENT PLANNING, OIL, GAS AND OTHER GEOLOGICAL EXPLORATION;  
UREA FERTILIZER PLANT; HIGHWAY CONSTRUCTION; POWER DEVELOPMENT;  
LAND RECLAMATION; TECHNICAL EDUCATION; HOUSING AND FOOD GRAIN  
STORAGE.

(3) IN THE '50 S AND '60 S, THE US CONCENTRATED, AS DID THE  
SOVIETS, ON INFRASTRUCTURE PROJECTS INVOLVING LAND RECLAMATION,  
AIRPORTS, WATER AND POWER DEVELOPMENT AND HIGHWAY TRANSPORT.  
IN THE PAST FIVE YEARS, US HELP HAS BEEN PRIMARILY TECHNICAL  
ASSISTANCE IN AGRICULTURE, EDUCATION, FAMILY PLANNING, PRIVATE  
ENTERPRISE DEVELOPMENT, PUBLIC ADMINISTRATION, AND PL-480 FOOD

GRAINS. OUR LARGEST SINGLE PROJECT HAS BEEN LAND RECLAMATION, AGRICULTURE AND WATER DEVELOPMENT IN THE HELMAND VALLEY, WHICH INCLUDES TWO EXIMBANK FINANCED DAMS, CURRENTLY INVOLVES A USAID \$15 MILLION LOAN FOR THE INSTALLATION OF POWER GENERATION EQUIPMENT AND A

TRANSMISSION SYSTEM. BECAUSE OF THE DROUGHTS MENTIONED ABOVE, THE US HAS AND IS PROVIDING 175,000 TONS OF WHEAT AND 8,000 TONS OF EDIBLE OIL UNDER TITLE 1, AND 250,000 TONS OF WHEAT UNDER TITLE 11. THE BEGINNINGS OF A FOOD FOR WORK AND PROVINCIAL DEVELOPMENT PROGRAM HAS RESULTED FROM OUR EFFORTS IN THE DISTRIBUTION OF THIS TITLE 11 WHEAT. THE PEACE CORPS HAS HAD AN EXTENSIVE AND EXTREMELY SUCCESSFUL SERIES OF PROGRAMS IN AFGHANISTAN SINCE THE EARLY '60 S. PCV S ARE CONTINUING TO WORK IN PUBLIC HEALTH, EDUCATION, AGRICULTURE, INDUSTRIAL MANAGEMENT, ACCOUNTING, PUBLIC ADMINISTRATION, ANIMAL HUSBANDRY AND FAMILY PLANNING, AND PLAYED A CRUCIAL ROLE IN LAST YEAR'S OPERATION HELP. THIS PROGRAM WAS CONCEIVED BY THE RGA TO PROVIDE EMERGENCY ASSISTANCE TO SOME 200,000 AFGHANS IN ISOLATED MOUNTAIN AREAS WHO WERE FACING STARVATION AS RESULT OF THE DROUGHTS. THIS MULTI- NATIONAL ASSISTANCE PROGRAM WAS SUPPORTED BY AID ADMINISTRATIVE AND MANAGEMENT ASSISTANCE, AND SUPPLIED MATERIAL HELP BY THE UN, THE US AND OTHER DONORS.

C. PROSPECTS: THE CURRENT GOVERNMENT HAS UNDERTAKEN TO ACHIEVE A TURN- AROUND IN THE APPARENT ECONOMIC STAGNATION RESULTING IN LARGE MEASURE FROM BUREAUCRATIC LETHARGY.

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LEGISLATION ON PETROLEUM AND MINERALS, PROPOSED REVITATLIZATION OF THE PLANNING PROCESS, THE CREATION OF NEW MINISTRIES AND ORGANIZATIONS TO DEAL WITH LABOR, ESSENTIAL COMMODITY DISTRIBUTION, HIGHER EDUCATION, AND PROVINCIAL DEVELOPMENT HAVE BEEN INAUGURATED IN THEPAST FOUR MONTHS. THE HELMAND WATERS AGREEMENT SHOULD RESULT IN EXTENSIVE DEVELOPMENT ACTIVITIES, FINANCED PRIMARILY BY THE ASIAN DEVELOPMENT  
E E E E E E E

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* SECRET

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**To:** ABU DHABI  
AMMAN  
ANKARA  
ATHENS  
BEIRUT  
COLOMBO  
DACCA

NEA

SECSTATE WASHDC

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